



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2011 Biennium

Bill #	SB0373	Title:	Revise firefighter laws
Primary Sponsor:	Perry, Gary L	Status:	As Introduced

Retirement Systems Affected:

<input type="checkbox"/> Teachers	<input checked="" type="checkbox"/> Public Employees	<input type="checkbox"/> Highway Patrol	<input type="checkbox"/> Police
<input type="checkbox"/> Sheriffs	<input checked="" type="checkbox"/> Firefighters	<input type="checkbox"/> Volunteer Firefighters	<input type="checkbox"/> Judges

Check the box if "Yes".

- ☐ Has this legislation been reviewed by the legislative interim committee?
- ☐ Has the cost of this legislation been calculated by the system's actuary?
- ☐ Does this legislation include full funding for any benefit revisions?

<u>PERS</u>	July 1, 2008	July 1, 2009	July 1, 2010	July 1, 2011	July 1, 2012
Employee Contribution Rate	6.900%	6.900%	6.900%	6.900%	6.900%
Employer Contribution Rate (Local Govt	6.935%	7.070%	7.070%	7.070%	7.070%
State Contribution Rate (Local Govt)	0.100%	0.100%	0.100%	0.100%	0.100%
TOTAL Contribution Rate	13.935%	14.070%	14.070%	14.070%	14.070%
<u>FURS</u>	July 1, 2008	July 1, 2009	July 1, 2010	July 1, 2011	July 1, 2012
Employee Contribution Rate	10.70%	10.70%	10.70%	10.70%	10.70%
hired after 6/30/97 and those electing GABA					
Employer Contribution Rate	14.36%	14.36%	14.36%	14.36%	14.36%
State Contribution Rate	32.61%	32.61%	32.61%	32.61%	32.61%
TOTAL Contribution Rate	57.67%	57.67%	57.67%	57.67%	57.67%

FISCAL SUMMARY

	FY 2010 Difference	FY 2011 Difference	FY 2012 Difference	FY 2013 Difference
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

SB373 allows firefighters that are appointed after the age of 34 to join the Fighfighters' Unified Retirement System (FURS).

FISCAL ANALYSIS

Assumptions:

1. The membership requirements for FURS will no longer require an appointment as a firefighter to be prior to age 35.
2. Active firefighters previously excluded from membership in FURS due solely to age at appointment will be allowed to be a member of FURS.
3. This bill will apply to full-paid firefighters of a rural fire district who met the qualifications in this act on April 26, 2007 and who continue to meet the qualifications.
4. The understanding is that the members entering FURS under this bill are currently in PERS and will transfer via the provisions in SB 532 (2007 Legislative Session).

Effect on Local Governments:

1. The contribution rate will increase for employers that have members move from PERS to FURS.

Long-Term Impacts:

1. As new members join FURS, the amount of state contribution paid by the general fund will increase. With no concrete data, the amount cannot be estimated.
2. Older aged entrants may impact the number of FURS disabilities; this may have a long-term impact on the system.

Technical Notes:

1. Since the actuary does not have appropriate data to compute an estimated financial impact of this bill, comments are provided for consideration.
2. The June 30, 2008 actuarial valuation had an active membership count of 525. The actual number of member transfers and their age and service will determine the impact on FURS.
3. The members will be transferring into FURS via SB 532 (2007 legislative session). Service is transferred on an age and service based procedure.

4. The actuary cannot comment on the impact because the age demographic of the group is unknown. It is also unknown whether the rural firefighters have characteristics similar to the current plan population, nor is the age or service of the other potential new members known.
5. SB 373 allows members with higher entry ages into FURS. In general this will increase the cost of the plan. However, this may be offset somewhat by the asset transfer.
6. The liability for providing the disability benefit may increase. The current actuarial assumption reflects a higher incidence of disability for older members.
7. The estimated funded ratio of FURS on an adjusted actuarial value of asset on June 30, 2008 considering the market losses on December 31, 2008 was 68%, and 52% on a similarly adjusted market value of assets. The potential new members in this bill may lower these ratios further.
8. In order for the actuary to provide a numerical impact the appropriate data from all of the rural fire districts and current participating employers are needed on the potential new members.

Sponsor's Initials

Date

Budget Director's Initials

Date